

EXHIBIT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

SAKATA RICE SNACKS AUSTRALIA PTY
LTD.

Opposer,

v.

SESMARK FOODS, INC./TERRA
HARVEST FOODS, INCORPORATED

Applicant.

Opposition No. 124,245

**RESPONSE BY OPPOSER SAKATA RICE SNACKS AUSTRALIA PTY LTD. TO
APPLICANT'S MOTION FOR DISMISSAL AND/OR JUDGMENT ON THE
PLEADINGS**

I. INTRODUCTION

Opposer Sakata Rice Snacks Australia Pty Ltd. ("Sakata") filed this proceeding in opposition to Sesmark Foods, Inc.'s/Terra Harvest Foods, Incorporated ("Sesmark's") application to register the mark SAKATA for a variety of *rice snack and related products*. Sesmark has moved, pursuant to 37 CFR § 2.132(a), for the dismissal of the proceeding with prejudice and for judgment in its favor. Sesmark's ground for dismissal is that Sakata has failed to prosecute the case. As discussed below, Sakata has prosecuted this case to the fullest extent possible in view of Sesmark's lack of cooperation, and as set forth below, Sesmark's motion should be denied.

ORIGINAL

II. FACTUAL BACKGROUND

Sakata's primary ground for this opposition is that Sakata used the mark shown below in U.S. commerce in a manner analogous to trademark use well before Sesmark filed its application to register its conflicting mark. Sakata has also alleged that Sesmark was aware, prior to the time Sesmark filed its U.S. trademark application, that Sakata was in the process of expanding its business of selling *snack foods made of rice* into the U.S.



On January 4, 2001, Sakata, in good faith and without notice of a claim of prior or superior rights, filed an application to register the mark SAKATA. *Id.* The "Sakata application," which has a design element, is pending under serial no. 76/189,598.

Once this proceeding commenced, Sesmark requested, and was granted, repeated extensions of time to answer both Sakata's Notice of Opposition and Sakata's discovery requests. *See* Declaration of Valerie du Laney in Support of Response to Motion to Dismiss and Motion to Reopen Testimony Period ("du Laney declaration") ¶ 3, Exhibit 2 and ¶ 4, Exhibit 3. Sesmark then engaged in a pattern of delay and refusal to cooperate in the process of producing discovery so egregious that Sakata did not receive Sesmark's discovery documents until its testimony period had nearly elapsed. At the same time that Sesmark finally produced documents, it renewed its prior efforts to engage Sakata in settlement discussions. Sesmark has thus far produced only incomplete evidence in response to Sakata's discovery requests. Due to Sesmark's delaying tactics, Sakata was unable either to review Sesmark's evidence or consider Sesmark's settlement entreaties before its testimony period elapsed. Sakata's past courtesies in granting

Sesmark additional time to answer and to comply with its discovery obligations, were given only on condition that Sakata not be prejudiced by the delays. Under the circumstances of the case, described in detail herein, Sakata reasonably understood that Sesmark had agreed that Sesmark's discovery obligations and disputed pre-trial motion issues were to be resolved before Sakata was required to submit its evidence in the case. Sakata's first notice that Sesmark did not share its understanding of the agreement between the parties concerning discovery and motion practice occurred when Sesmark filed the instant motion to dismiss this opposition proceeding pursuant to Trademark Rule 2.132(a). Sesmark's motion to dismiss should be denied for the reasons set forth herein.

III. ARGUMENT AND AUTHORITY

Judgment by default is viewed with disfavor by the Trademark Trial and Appeal Board ("Board") unless a party has shown little or no interest in advancing its position. *Fort Howard Paper Company v. Kimberly-Clark Corporation*, 216 USPQ 617 (TTAB 1982)(motion for judgment under Trademark Rule 2.132(a) denied; opposer's motion to reopen testimony period granted on good cause shown.) The purpose of entering default under Trademark Rule 2.132 is to save the defendant from the expense and delay of presenting evidence and a brief and awaiting a decision if and when it is apparent that a plaintiff/opposer *has dropped the matter*. *Litton Business Systems, Inc. v. JG. Furniture Company, Inc.*, 190 USPQ 431, 434 (1976)(motion to dismiss denied despite failure to file a Notice of Reliance where judicially-noticed facts might determine the case) (emphasis added.)

Sakata has clearly shown ample interest in advancing its position in this case, and has plainly not dropped the matter. Sakata's efforts to move the case forward are well documented in the following sections of this response. Sakata was in steady communication with Sesmark's counsel during the time that its testimony period expired and was arranging the logistics for

Sakata's review of Sesmark's late-produced documents and for Sakata's consideration of Sesmark's August 2002 entreaty to settle the case. Sakata cooperated with Sesmark's counsel in allowing Sesmark several different extensions of time to respond to both the Notice of Opposition and to discovery, on condition that Sakata not be prejudiced by the delay, a condition which Sesmark's counsel clearly has refused to honor in its filing of the instant motion to dismiss. *See* du Laney declaration ¶ 3, Exhibit 2 and ¶ 4, Exhibit 3. Sakata has a meritorious position in this case; and it has produced to Sesmark in discovery documents which evidence its prior use of the contested mark in U.S. commerce. There will be no prejudice to Sesmark from the minimal delay which would result if the Board resets Sakata's testimony period simply to allow the filing of the attached Notice of Reliance. On these bases, and as supported in detail in the following sections of this response, Sakata has amply demonstrated good and sufficient cause for its failure to take testimony during the time assigned for that purpose so as to justify the reopening of Sakata's testimony period solely to permit Sakata to file a Notice of Reliance.

Under separate cover herewith, Sakata has filed and served a Motion to Reopen its Testimony Period, a Motion to Compel Sesmark to Produce Discovery, and a Notice of Reliance. Sakata has cured the issue on which Sesmark's motion to dismiss is based. Based on the foregoing, and on the fact that the delay in this case is attributable to Sesmark's failure timely to provide discovery and to cooperate during Sakata's testimony period, as a result of which Sakata reasonably understood that Sesmark was to complete its discovery obligations before Sakata was required to act, Sesmark's motion for judgment under Trademark Rule 2.132(a) should be denied and Sakata's motion to reopen its testimony period granted.

A. SAKATA HAS SHOWN GOOD CAUSE WHY JUDGMENT SHOULD NOT BE RENDERED AGAINST IT.

Sesmark filed its motion seeking dismissal under Trademark Rule 2.132(a). To avoid dismissal under this rule, Sakata need only show good and sufficient cause why judgment should

not be rendered against it. The "good and sufficient cause" standard is equivalent to the standard of Fed. R. Civ. P. Rule 6(b), as made applicable to Board proceedings by Trademark Rule 2.116(a). See *Grobet File Co. of America Inc. v. Associated Distributors Inc.*, 12 USPQ2d 1649 (TTAB 1989); *Fort Howard Paper Co. v. Kimberly-Clark Corp.*, 216 USPQ 617 (TTAB 1982); Lefkowitz and Rice, *Adversary Proceedings Before the Trademark Trial and Appeal Board*, 75 TMR 323, 377 (1985). Consideration of the particular facts and circumstances of the case is necessary to arrive at an equitable result. *Fort Howard Paper Company v. Kimberly-Clark Corporation, supra*, 216 USPQ 617. The discretion of the Board should be exercised to yield a just result. See, e.g., *Zirco Corp. v. American Telephone and Telegraph Co.*, 21 USPQ2d 1542 (TTAB 1991), citing TBMP Section 502.03 (discretion of Board to be exercised to yield a just result). In this case, only by denying Sesmark's motion to dismiss can a just decision be reached.

In *Pioneer Investment Services Company v. Brunswick Associates Limited Partnership*, 507 U.S. 380 (1993), as discussed by the Board in *Pumpkin, Ltd. v. The Seed Corps*, 43 USPQ2d 1582 (TTAB 1997), the Supreme Court explained the meaning and scope of this "good and sufficient cause" standard. The Supreme Court held that the determination of whether a party's neglect is excusable is at bottom an equitable one, taking account of all relevant circumstances. These so-called *Pioneer* factors are the following:

- (1) the danger of prejudice to the [nonmovant];
- (2) the length of the delay and its potential impact on judicial proceedings;
- (3) the reason for the delay, including whether it was within the reasonable control of the movant; and
- (4) whether the movant acted in good faith. *Pioneer*, 507 U.S. at 395.

Taking into account all of the relevant circumstances here, as discussed below, Sakata has demonstrated "good and sufficient cause" to permit a limited reopening of its testimony period.

1. There is absolutely no danger of prejudice to Sesmark.

Sesmark's ability to defend against Sakata's claims has in no way been prejudiced by Sakata's failure to file a Notice of Reliance in accordance with the original case schedule. Sesmark's moving papers do not make a showing that its witnesses or evidence have become unavailable as a result of the delay in proceedings. See, e.g., *Pratt v. Philbrook*, 109 F.3d 18 (1st Cir. 1997)(witness unavailability can be prejudice); *Paolo's Associates Ltd. Partnership v. Bodo*, 21 USPQ2d 1899, 1904 (Comm'r 1990)(loss of evidence is a consideration). Sesmark will bear little greater cost to defend this matter at this point than it would have if petitioners had presented their case in accordance with the original schedule. This first *Pioneer* factor therefore weighs heavily in favor of a finding of good cause.

2. The length of the delay here is insignificant.

As for the second *Pioneer* factor, the length of the delay and its potential impact on judicial proceedings, Sakata's testimony period closed on August 12, 2002, and Sakata promptly filed its motion to reopen the testimony period. That motion is filed herewith on September 13, 2002. Under Board case law, this is an "insignificant" delay. *HKG Industries Inc. v. Perma-Pipe Inc.* (TTAB) 49 USPQ2d 1156, 1158 (1998)(delay from testimony period close on August 10, 1997 to September 12, 1997 "insignificant.") The potential impact of this insignificant delay on the judicial proceedings should therefore not be a deciding factor in the case. This is in contrast to cases in which longer delays were held to be disruptive of the Board's decision making process. See, e.g., *Midwest Plastic Fabricators Inc. v. Underwriters Laboratories Inc.*, 5 USPQ2d 1067 (TTAB 1987) (three and one-half months delay); *Pumpkin, Ltd. v. The Seed Corps*, 43 USPQ2d 1582 (TTAB 1997); and *Terra Products Corporation v. Comez*, 206 USPQ 1033 (TTAB 1979) (both three months delay.) Here, denying Sesmark's motion to dismiss will have a positive impact on the efficiency of the Board's proceedings. The instant mark is an important one to Sakata, as it is a worldwide trademark of the company. To the extent that this

proceeding is dismissed short of a full hearing on the merits of Sakata's claims, Sakata will have no choice but to consider petitioning to cancel any trademark registration Sesmark may obtain for the SAKATA mark and/or to pursue a civil action for trademark infringement. On balance therefore, reopening the testimony period will afford the parties an opportunity to conclusively litigate the dispute between them and thereby to avoid a multiplicity of Board and court proceedings, thus serving the interests of justice.

3. This delay was wholly outside Sakata's control.

The third *Pioneer* factor is the reason for the delay. The most important question in this analysis is whether the delay was within the reasonable control of Sakata.¹ Here, as discussed in detail below, Sakata's inability to meet the original case schedule was caused by circumstances outside of its reasonable control. As the following sections demonstrate, Sakata's failure to adhere to the original trial schedule was clearly neither willful nor intentional but rather the result of reliance on the acts and omissions of Sesmark and its counsel. This is "good and sufficient cause" for Sakata's delay in seeking to extend the testimony periods. *See Sanyo Watch Co. v. Sanyo Elec. Co.*, 691 F.2d 1019, 1022, 215 USPQ 833, 835 (Fed. Cir. 1982)(good cause if delay was outside a party's reasonable control.)

A party which receives discovery requests early may not, by delaying its response thereto, or by responding improperly so that its adversary is forced to file a motion to compel discovery, rob its adversary of the opportunity to take "follow-up" discovery. Such a delay or improper response constitutes good cause for an extension of time. *See Lenmar Enterprises, Inc. v. TAE/Trans Atlantic Electronics, Inc.*, Opposition No. 101,946 (TTAB 1998)(applicant's motion to extend discovery period for applicant only, and all trial dates granted; the standard to be met to extend dates is good cause under Fed. R. Civ. P. 6(b); and TBMP §509.)

¹ *See Sanyo Watch Co. v. Sanyo Elec. Co.*, 691 F.2d 1019, 1022, 215 USPQ 833, 835 (Fed. Cir. 1982) (central issue is whether the delay was within a party's reasonable control.)

The case schedule issued by the Board on October 26, 2001 set the discovery period in this case to run from November 15, 2001 to May 14, 2002. Sakata timely served its first set of discovery requests on Applicant on January 21, 2002, such that responses were due on February 21, 2002. *See* du Laney declaration ¶ 2, Exhibit 1. On February 18, 2002, Sesmark contacted Sakata's counsel to inform that it would be unable to respond to Sakata's discovery requests by the due date. *See* du Laney declaration ¶ 3, Exhibit 2. Counsel for Sakata consented that Sesmark might have additional time to respond to discovery so long as Sakata were not prejudiced by the delay, and so long as Sakata might have the benefit of similar courtesies to the extent necessary. After Sakata's counsel granted Sesmark an additional extension of time on the same terms agreed to previously, Sesmark finally responded to Sakata's Interrogatories and Requests for Production of Documents and Things on April 8, 2002. *See* du Laney declaration ¶ 4. However, Sesmark did not produce any documents. *See* du Laney declaration ¶ 6, Exhibit 4. Rather, Sesmark stated that it would "make available to Opposer at a time and place mutually convenient to counsel all responsive documents not protected by the attorney-client privilege or work product." *See* du Laney declaration ¶ 4. Sakata wrote to Sesmark's counsel on April 17 and May 2 asking Sesmark to produce documents.² Instead of answering either of these letters³, Sesmark initiated settlement discussions on May 2, 2002. *See* du Laney declaration ¶ 9, Exhibit 6. The discovery period closed on May 14th, with Sesmark having produced no documents whatsoever.⁴ Sakata, considering Sesmark's settlement offer internally, understood the parties to

² These letters, which are attached to the du Laney declaration as Exhibits 5 and 6, respectively, also demanded a response to Sakata's interrogatory no. 6, which inquired (among other things) into the channels of commerce for Sesmark's goods. Sakata has never received even a partial response to this Interrogatory.

³ *See* du Laney declaration ¶ 8 and ¶ 10.

⁴ During the same time period, the parties were negotiating for a protective order to govern the exchange of confidential documents. By letter to Sesmark's counsel dated April 17, Sakata proposed a protective order. Counsel for Sakata then made several oral requests that Sesmark either sign the protective order or state its objections to it. Finally, on May 17, Sesmark sent a letter to Sakata stating that they objected to Sakata's proposed protective order. *See* du Laney declaration ¶ 31, Exhibit 18. Sesmark suggested using the "TTAB's standard form Confidentiality Agreement and Protective Order." *Id.* However, the discovery period had closed on May 14. Sakata did agree to the "TTAB's standard form Confidentiality Agreement and Protective Order," and prepared a version of that form

have agreed that Sakata was not to be prejudiced by its earlier courtesies. Sakata therefore reasonably understood that Sesmark intended to fulfill its discovery obligations if and only if settlement talks failed. Hearing nothing from Sesmark in response to repeated requests for documents reinforced this understanding. By June 17, however, with its testimony period approaching, Sakata sent yet another letter to Sesmark requesting production of documents (and again demanding a response to Sakata's Interrogatory No. 6.) *See* du Laney declaration ¶ 11, Exhibit 7. On July 22, Sakata wrote to Sesmark informing that it would be unable to assess the need for depositions in the case until documents had been received from Sesmark and reiterating prior demands for a response to Interrogatory No. 6. *See* du Laney declaration ¶ 16, Exhibit 9. Finally, approximately halfway through Sakata's testimony period, Sakata wrote to Sesmark stating that if the documents were not produced immediately, a motion to compel would be filed. *See* du Laney declaration ¶ 17, Exhibit 10. On July 25, Sesmark responded, stating that the documents had been shipped and would arrive at the office of Sakata counsel's the next day. *See* du Laney declaration ¶ 18, Exhibit 11. On Friday, July 26, counsel for Sakata received Sesmark's documents. They were incomplete, and included no response whatsoever to Interrogatory No. 6. Until Sesmark filed its motion to dismiss, Sakata understood the parties to have agreed to postpone action on these outstanding discovery matters pending the outcome of settlement negotiations (See Section 3(c) below.) However, upon Sesmark's filing of the instant motion to dismiss the case, Sakata realized that Sesmark either did not share or had ceased to recognize such an agreement, and has prepared, served upon Sesmark, and filed herewith, a separate motion to compel this missing discovery.

suitable for execution by the parties. Thereafter, written requests for an executed protective order from Sesmark failed to generate any response. It was not until July 11, 2002 that Sakata finally received an executed copy of the protective order from Sesmark.

- a. It was Sakata's reasonable understanding that the parties had agreed that Sesmark was to complete its discovery obligations before Sakata was required to present its evidence in the case. This circumstance constitutes the requisite good cause.

Sakata reasonably understood that the parties had agreed that Sesmark was to complete its discovery obligations before Sakata was required to present its evidence in the case. Under these circumstances, it would be manifestly unfair to grant judgment in favor of Sesmark. Under very similar circumstances, in *Fort Howard Paper Company v. Kimberly-Clark Corporation*, 216 USPQ 617 (TTAB 1982), the Board found an equitable estoppel against the applicant seeking dismissal due to detrimental reliance founded on the applicant's counsel's behavior in discovery. In *Fort Howard*, as here, counsel granted desired extensions of time in exchange for the applicant's reciprocal assurances that it would be amenable to opposer's requests in the event that opposer sought similar extensions. In *Fort Howard*, as here, the opposer filed copies of substantial correspondence between the attorneys involved which relate to the apparent understanding of the parties with regard to stipulations for extensions of time. Here, as in *Fort Howard*, the letters between counsel and a review of the record show that on numerous occasions, Sakata agreed to the applicant's requests for extensions of time to respond to discovery period in light of the applicant's reciprocal assurances that it would be amenable to opposer's requests in the event that opposer sought similar extensions. In the *Fort Howard* case, these extensions occurred over a period of five years. Here, in contrast, the delay in the proceedings is minimal. The Board in *Fort Howard* found that the opposer had relied in good faith upon its interpretation of the parties' long-standing agreements and that such reliance constitutes a sufficient basis for a finding of excusable neglect. Similarly, in *Reebok International Limited v. Lee V. Taik dba Integrated Resources Co.* Opposition No. 100,960 (TTAB 1997), the Board denied a motion to dismiss for failure to prosecute where the parties had stipulated that to the extent that either party's extensions of time for discovery responses or other delay in responding to discovery necessitated an extension of the testimony period in this

matter, the parties would agree in good faith to such an extension as was necessary. In *Reebok International*, the Board found that the parties' understandings gave the opposer a reasonable basis for assuming that it would not have to present its case until after the applicant had fulfilled its discovery obligations. Its failure to present evidence during its assigned testimony period and its failure to move to extend its testimony period prior to the expiration thereof were therefore held excusable. This case is analogous to both *Fort Howard* and *Reebok International*. Sakata had granted Sesmark numerous extensions of time only on condition that Sakata not be prejudiced by the delays. Sakata's understanding of the parties' agreements was clear: It reasonably believed that the parties would not resume their disputes over discovery and the proof to be introduced at trial pending resolution of settlement discussions. Here, as in *Fort Howard* and *Reebok International*, the balance of the equities favors allowing the opposer to prepare its case. The Board should therefore deny Sesmark's motion to dismiss.

- b. Sesmark had put Sakata on notice that it intended to file a motion to restrict the issues for trial. Sakata had no obligation to prepare its evidence for trial until that issue was resolved.

By letter dated July 26, Sesmark informed Sakata that it intended to file a motion to bar "Opposer's *introduction of evidence or assertion of arguments* relating to Terra Harvest's alleged knowledge of Opposer's use of the mark based on Opposer's doing business and sales in Australia, New Zealand, Japan and Canada" (emphasis added.) See du Laney declaration ¶ 20, Exhibit 13. Based on Sesmark's statements and the progress of the case at that point, Sakata understood that Sesmark intended to file its motion if ongoing settlement negotiations did not bear fruit. Because of Sesmark's announced intention to file a motion to limit the issues at trial, Sakata was unable to know the pleaded issues in the case by the close of its testimony period. The Board has held that dismissal under Rule 2.132(a) is inappropriate under such circumstances. In *Midwest Plastic Fabricators Inc. v. Underwriters Laboratories Inc.*, 5 USPQ2d 1067 (TTAB 1987), the Board found that the petitioner had a right to know the pleaded

issues in the case before proceeding to trial. *Id.* at 1069. It therefore denied the applicant's motion to dismiss under Trademark Rule 2.132(a) after petitioner failed to present evidence during its testimony period when there was a pending motion to amend the respondent's answer. Here, good cause exists to deny Sesmark's motion to dismiss because, as in *Midwest Plastic Fabricators*, Sakata could not know the nature of the issues to be part of the trial in this matter by the close of its discovery period. Sakata's understanding was that the parties had agreed to table the issue of Sesmark's contemplated motion (like the issues surrounding disputed discovery) pending settlement talks. Therefore, until Sesmark filed the instant motion, Sakata reasonably understood that the issues of the scope of Sesmark's proof at trial and Sesmark's obligation to complete its discovery responses were to be revisited by the parties if ongoing settlement negotiations failed.

- c. The parties were involved in ongoing bilateral settlement negotiations during the critical time period during which Sakata's testimony period elapsed. This fact, in combination with Sesmark's apparent agreement that proceedings would not move forward during the negotiations, justifies Sakata's failure to file a Notice of Reliance before it obtained complete discovery from Sesmark.

The Board's case law recognizes that "ongoing bilateral" settlement discussions can give rise to a reasonable expectation that proceedings will not move forward during negotiations, justifying denial of a motion to dismiss. *See Instruments SA Inc. v. ASI Instruments Inc.*, 53 USPQ2d 1925 TTAB 2000). Although "the mere existence of settlement negotiations alone" does not justify a party's inaction or delay [*Cheney v. Anchor Glass Container Corp.*, 71 F.3d 848 (8th Cir. 1996); *Jones Truck Lines v. Foster's Truck & Equipment Sales, Inc.*, 63 F.3d 684 (8th Cir. 1995); *Federal Savings & Loan Insurance Corp. v. H. Kroenke, v. Anderson Die Castings, Inc.*, 925 F.2d 226 (7th Cir. 1991)], where parties were engaged in on-going bilateral settlement negotiations during the critical time period, dismissal under Rule 2.132 is not appropriate. *Atlanta-Fulton County Zoo Inc. v. DePalma* (TTAB) 45 USPQ2d 1858

(2/12/1998)(noting that dismissal was appropriate in the case where the last communication during the testimony period rejected settlement out of hand.)

Sesmark initiated settlement discussions on May 3. *See du Laney declaration ¶ 9, Exhibit 6.* Sesmark's moving papers correctly state the fact that Sakata rejected Sesmark's initial settlement offer. However, Sakata's counsel informed Sesmark's counsel that Sakata was considering a counteroffer throughout the summer months. On July 26, Sesmark's counsel wrote to Sakata's counsel with a new entreaty to settle the case. *See du Laney declaration ¶ 20, Exhibit 13.* This entreaty was only shortly before the close of Sakata's testimony period. As set forth in the du Laney declaration and the exhibits thereto, Sesmark's settlement proposal was conveyed to Sakata's principals before the close of its testimony period, but travel schedules prevented any consideration of both the substantive requirements of the case and the proposal. Sakata responded to Sesmark's proposal at its earliest opportunity, on August 21, shortly before Sesmark filed its motion to dismiss. Sakata was planning, if possible, to offer evidence during the end of its testimony period, but could not because of the unforeseen travel schedules discussed in the following sections, and justifiably did not go forward because of Sesmark's July 26th proposal. In response to Sakata's August 21 settlement proposal, Sesmark requested a telephone conference be held to discuss settlement. The parties conducted that conference on September 11, 2002, and settlement negotiations are ongoing. *See du Laney declaration ¶¶31-32.* On this record, the Board must determine that Sakata had a reasonable basis for failing to take the steps necessary to take testimony within the originally-set period.

- d. During the critical period through the close of the discovery period, Sakata was unable to discuss the case or its settlement with its counsel due to unforeseen circumstances beyond its control. This fact justifies denial of Sesmark's motion to dismiss this proceeding.

A valid contention that a party was prevented from taking action, together with other circumstances which constitute "good cause," justify denial of a motion to dismiss under Rule 2.132. See *PolyJohn Enterprises Corp. v. 1-800-Toilets Inc.*, 61 USPQ2d 1860 (TTAB 2002)("prevented from taking action.") Here, as set forth in the du Laney declaration, ¶21 to 26, despite numerous good faith efforts, counsel for Sakata was unable to contact Sakata's only decision maker during the critical period. As a result, it was impossible for Sakata to discuss either Sesmark's settlement entreaties or the close of the testimony period with its counsel. These circumstances, detailed evidence of which is provided in the declaration submitted herewith, make it inequitable for judgment to be entered against Sakata. "Excusable neglect," precluding the application of Rule 2.132, includes "failure to take the proper steps at the proper time, not in consequence of the party's own carelessness, inattention, or willful disregard of the process of the court, but in consequence of *some unexpected or unavoidable hindrance or accident, ...*" *Hewlett-Packard Co. v. Olympus Corp.*, 18 USPQ2d 1710 at 1712 (Fed. Cir. 1991)(emphasis added.) As the evidence submitted herewith shows, Sakata has only one person responsible for decisions regarding this case. Unexpected changes to his travel schedule prevented Sakata from taking action during the testimony period. The Board's decisions acknowledge that this kind of event is encompassed within the "somewhat 'elastic concept' [of excusable neglect, which] is not limited strictly to omissions caused by circumstances beyond the control of the movant." *Pioneer Investment Services Company v. Brunswick Associates Limited Partnership*, 507 U.S. 380 (1993).

During the critical dates running from July 26th through the close of Sakata's testimony period, Sakata was unable to discuss the case or its settlement with its counsel due to unforeseen

circumstances beyond its control. Despite its good faith efforts to move the case along before and during this time, Sakata was unable to either obtain complete evidence from Sesmark, evaluate settlement, or review Sesmark's evidence until after its testimony period. On these facts, it would work an injustice to grant Sesmark's motion to dismiss this proceeding.

- e. Dismissal is inappropriate here because the pleadings raise a legal issue which makes it inappropriate to grant Sesmark's motion.

Dismissal is also inappropriate here because the pleadings raise a legal issue which make it inappropriate to grant Sesmark's motion. *Tiffany & Co. v. Columbia Industries, Inc.*, 455 F.2d 582, 173 USPQ 6 (CCPA 1972)(admission in answer by the adverse party can preclude dismissal.) Sesmark admits in its answer to the Notice of Opposition in this case that:

"Sesmark was aware of Sakata's business of selling snack foods made of rice under the tradename SAKATA." *See* Answer to Notice of Opposition of Sakata Rice Snacks Australia Pty Ltd., ¶14."

Sesmark also admitted that its knowledge of Sakata was intimate, justifying an inference taking this case outside the normal rule that foreign use of a trademark will not preclude a third party's use or registration of the mark in the U.S. Sesmark's specific admission is:

"Sesmark and Sakata entered into discussions with respect to Sesmark's potential acquisition of Sakata Rice Snacks Australia Pty Ltd." *See* du Laney declaration ¶ 6, Exhibit 4.

It is Sakata's contention that, in view of these admissions, Sesmark cannot have filed its U.S. trademark application in good faith. This legal question is enough to preclude dismissal. Sesmark's admitted knowledge of Sakata's worldwide business under the SAKATA mark constitutes a *prima facie* showing that Sesmark filed its application to register the SAKATA mark in bad faith.

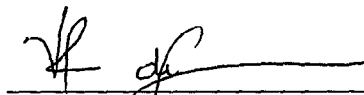
4. Sakata's good faith is clear based on the evidence which accompanies this submission.

The fourth and final *Pioneer* factor is Sakata's good faith, which is evident from the materials Sakata has submitted today. There is absolutely nothing alleged by Sesmark or shown in the evidence in this case which would show that Sakata has had the "loss of interest in this case" necessary to justify dismissal of the proceeding. See *CTRL Systems Inc. v. Ultraphonics of North America Inc.*, 52 USPQ2d 1300 (TTAB 1999)(standard is "loss of interest in the case.")

B. CONCLUSION

The Federal Rules of Civil Procedure reject the approach that pleading is a game of skill. *American Novawood Corp. v. U.S. Plywood-Champion Papers, Inc.*, 57 CCPA 1276, 1281, 426 F.2d 823, 827, 165 USPQ 613, 616 (1970). A dismissal of the proceeding at this point would reward Sesmark for sharp discovery practice and would work an injustice not contemplated by F.R.Civ.P. 6(a) or its counterpart Rule 2.132. Sakata has shown good cause for denial of Sesmark's motion to dismiss this proceeding. Since the complete absence of prejudice and bad faith on Sakata's part demonstrated in this case outweigh any other consideration inherent in the *Pioneer* analysis, Sakata should be entitled to the Board's broad discretion to permit Sakata to complete its case. Based on the foregoing, Sakata respectfully asks that the Board deny Sesmark's motion to dismiss this proceeding.

RESPECTFULLY SUBMITTED this 13th day of September, 2002.



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September 13, 2002

VIA FEDERAL EXPRESS FOR HAND-DELIVERY

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09-16-2002

U.S. Patent & TMO/TM Mail Rpt. Dt. #40

Subject: *Sakata Rice Snacks Australia Pty Ltd. v. Terra Harvest Foods, Incorporated F/K/A Sesmark Foods Inc.*
Opposition No. 124,245
Our Reference: 202360-2100

Dear Sir or Madam:

Enclosed for delivery by hand pursuant to 37 CFR 1.6 and for filing in this opposition proceeding are the following:

1. Response by Opposer Sakata Rice Snacks Australia Pty Ltd. to Applicant's Motion for Dismissal and/or Judgment on the Pleadings;
2. Motion to Reopen Testimony Period and Memorandum in Support;
3. Declaration of Valerie du Laney in Support of Motion to Reopen Testimony Period and Memorandum in Support and Response by Opposer Sakata Rice Snacks Australia Pty. Ltd. to Applicant's Motion for Dismissal and/or Judgment on the Pleadings;
4. Opposer's Motion to Compel Discovery and Memorandum in Support;
5. Notice of Reliance; and
6. A postcard to acknowledge receipt of these documents.

Commissioner for Trademarks
Box TTAB
September 13, 2002
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Pursuant to 37 CFR § 2.119(a), these documents are also being served via Federal Express for hand delivery on the attorney for the applicant, Terra Harvest Foods, Incorporated F/K/A Sesmark Foods Inc. All correspondence in this matter should be directed to the undersigned.

Very truly yours,



Valerie du Laney

CERTIFICATE OF MAILING

I, Maureen Larican, hereby certify that these documents have been deposited with Federal Express on September 13, 2002 for hand-delivery by September 16, 2002 pursuant to 37 CFR § 2.119(b)(5) addressed to:

Commissioner for Trademarks
Box TTAB
2900 Crystal Drive
Arlington, Virginia 22202-3515
(703) 308-9000; and to

Ms. Nancy E. Sasamoto
Mr. George H. Kobayashi
Masuda Funai Eifert & Mitchell
One East Wacker Drive, Suite 3200
Chicago, Illinois 60601-2002
(312) 245-7431.

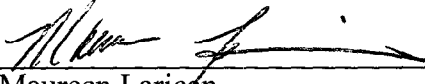

Maureen Larican

I hereby certify that the foregoing **RESPONSE BY OPPOSER SAKATA RICE
SNACKS AUSTRALIA PTY LTD. TO APPLICANT'S MOTION FOR DISMISSAL
AND/OR JUDGMENT ON THE PLEADINGS; MOTION TO REOPEN TESTIMONY
PERIOD AND MEMORANDUM IN SUPPORT; DECLARATION OF VALERIE DU
LANEY IN SUPPORT OF MOTION TO REOPEN TESTIMONY PERIOD AND
MEMORANDUM IN SUPPORT AND RESPONSE BY OPPOSER SAKATA RICE
SNACKS AUSTRALIA PTY. LTD. TO APPLICANT'S MOTION FOR DISMISSAL
AND/OR JUDGMENT ON THE PLEADINGS; OPPOSER'S MOTION TO COMPEL
DISCOVERY AND MEMORANDUM IN SUPPORT; AND NOTICE OF RELIANCE** are
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Mr. George H. Kobayashi
Masuda Funai Eifert & Mitchell
One East Wacker Drive, Suite 3200
Chicago, Illinois 60601-2002
(312) 245-7431

On September 13, 2002.



Maureen Larićan